

Message Text

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17

ORIGIN L-02

INFO OCT-01 EA-10 ISO-00 TRSE-00 EB-07 OMB-01 SP-02 AID-05

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DRAFTED BY L:L/T:WMCQUADE:RVW

APPROVED BY L:L/T:CIBEVANS

TREASURY - MS. FIELD . -

EA/IMS - MR. DORNHEIM

EB/IFD/OMA - MR.RIEGG (DRAFT)

- -

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R 211926Z NOV 74

FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

UNCLAS STATE 257076

E.O. 11652: N/A

TAGS: EFIN, ID

SUBJECT: DOUBLE TAX AVOIDANCE CONVENTION

REFS: A) JAKARTA 13963; B) STATE 243444;

C) STATE 213603; D) STATE 161394

1. AS INDICATED REF D, NOTE REGARDING NONDISCRIMINATION RESULTED FROM USG CONCERN THAT LIMITED NONDISCRIMINATION CLAUSE THEN PROPOSED BY GOI WOULD ERRONEOUSLY INDICATE ABANDONMENT BY USG OF LONG STANDING POSITION IN SUPPORT OF EQUAL TAX TREATMENT. LIMITED CLAUSE PROPOSED BY GOI WAS ACCEPTED WHEN GOI INDICATED ACCEPTANCE OF NOTE ON THE SUBJECT.

2. TIS FORMALIZED RESOLUTION OF A POINT VIEWED BY BOTH SIDES AS SUFFICIENTLY IMPORTANT TO HOLD UP CONCLUSION OF THE CONVENTION FOR MANY MONTHS IS VERY MUCH AN AGREEMENT AND IS A PART OF THE CONVENTION. THE MANNER IN WHICH IT HAS BEEN AGREED THAT THE GOI MAY ACKNOWLEDGE THE US NOTE WILL BE TAKEN INTO ACCOUNT IN INTERPRETATION OF THE MEANING OF THIS AGREEMENT. THE DEPT AND TREASURY FEEL THAT IT IS UNCLASSIFIED

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ESSENTIAL THAT THE USG NOTE AND GOI REPLY BE SUBMITTED TO

THE SENATE ALONG WITH THE CONVENTION FOR ITS ADVICE AND
CONSENT TO RATIFICATION AND, IF THE CONVENTION AND RELATED
NOTES ARE RATIFIED AND SUBSEQUENTLY ENTER INTO FORCE, BE
THEREAFTER PUBLISHED TOGETHER IN THE USUAL MANNER.

3. IN LIGHT ABOVE, LETTER REQUESTED BY ACHMAD DIN
SHOULD NOT BE PROVIDED, AND EMBASSY SHOULD INSTEAD INFORM
ACHMAD THAT USG DOES INTEND TO PUBLISH NOTES. SUGGEST
EMBASSY EXPLAIN TO ACHMAD GREAT IMPORTANCE ATTACHED BY
BOTH EXECUTIVE AND LEGISLATIVE BRANCHES OF USG TO NON-
DISCRIMINATION CLAUSES IN DOUBLE TAXATION TREATIES.
SHOULD BE REITERATED THAT IN CASE OF TIS CONVENTION WITH
INDONESIA, TREASURY AND STATE HAVE BEEN WILLING, FOR FIRST
TIME AND WITHOUT CONFIDENT READING OF CONGRESSIONAL
REACTION, TO ACCEPT SOME DIMINUTION OF USG POSITION ON
FOREIGN NON-DISCRIMINATION IN TAXATION FIELD. TREASURY/
STATE REASONS FOR ACCEPTING THIS DIMINUTION, EMBODIED IN
EXCHANGE OF NOTES WHICH WE BELIEVED GOI HAD ACCEPTED,
NEED, THEREFORE, TO BE PART OF PUBLIC RECORD. INGERSOLL

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Disposition Event:
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